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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-7961

TPI ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

NEW JERSEY (State or other jurisdiction of incorporation or organization)	22-1899681 (I.R.S. Employer Identification No.)
885 THIRD AVENUE NEW YORK, NEW YORK (Address of principal executive offices)	10022 (Zip Code)

Registrant's telephone number, including area code (212) 230-2233

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES __X__ NO _____

Number of issued and outstanding shares of common stock, par value $.01 per share, as at August 10, 1992, 18,135,364 shares.

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PART I - FINANCIAL INFORMATION

Company or group of companies for which information is furnished:

Telecom Plus Leasing, Inc.
Telecom Plus of Downstate New York, Inc.
Telecom Plus Consumer Products, Corp.
Telecom Plus Shared Tenants Services, Inc.
Telecom Plus Shared Tenants Services/Universal, Inc. (1)
Telecom Plus Shared Tenants Services/Barton, Inc. (1)
Telecom Plus Shared Tenants Services/Charter, Inc. (1)
Telecom Plus Shared Tenants Services/Brickell, Inc. (1)
Maxcell Telecom Plus, Inc.
Maxcell Telecom Plus of Birmingham, Inc. (2)
Maxcell Telecom Plus of Massachusetts, Inc. (2)
Maxcell Telecom Plus of Connecticut, Inc. (2)
Maxcell Telecom Plus of Chattanooga, Inc. (2)
Maxcell Telecom Plus of Tennessee, Inc. (2)
Maxcell Telecom Plus of Georgia, Inc. (2)
Maxicom, Inc. (2)
Maxcell Telecom Plus of Tampa, Inc. (2)
Delta Cellular, Inc. (2)
Maxcell Telecom Plus of Tri-Cities, Inc. (2)
Maxcell Telecom Plus of Knoxville, Inc. (2)
Maxcell Telecom Plus of Nashville, Inc. (2)
Maxcell Telecom Plus of Jacksonville, Inc. (2)
Maxcell Telecom Plus of Louisville, Inc. (2)
Maxcell Telecom Plus of Orlando, Inc. (2)
Maxcell Telecom Plus of West Palm Beach, Inc. (2)
Cellular Systems Investments, Inc. (2)
CSII of the Piedmont, Inc. (3)
CSII of Baton Rouge, Inc. (3)
TPI Restaurants, Inc.
Shoney's Construction, Inc. (4)
Mid-South Restaurant Distributors, Inc. (4)
Danver's International, Inc. (4)
Danver's Nashville, Inc. (5)
The Insurex Agency, Inc. (4)
Insurex Benefit Administrators, Inc. (4)
TPI Entertainment, Inc.

(1) Wholly-owned subsidiaries of Telecom Plus Shared Tenants Services, Inc.
(2) Wholly-owned subsidiaries of Maxcell Telecom Plus, Inc.
(3) Wholly-owned subsidiaries of Cellular Systems Investments, Inc.
(4) Wholly-owned subsidiaries of TPI Restaurants, Inc.
(5) Wholly-owned subsidiary of Danver's International, Inc.

ITEM 1. FINANCIAL STATEMENTS

TPI ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

A S S E T S

	JUNE 30, 1992 (Unaudited)	DECEMBER 31, 1991 (Note)
	(dollars in thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$ 36,685	$ 52,070
Restricted cash deposits	11,700	11,700
Accounts receivable trade, less allowance for doubtful accounts of $30 in 1992 and $28 in 1991	1,147	1,467
Inventories	13,690	12,899
Deferred tax benefit	4,674	4,618
Other current assets	2,680	8,246
TOTAL CURRENT ASSETS	70,576	91,000
PROPERTY AND EQUIPMENT (at cost)	176,310	164,999
Less accumulated depreciation and amortization	42,093	35,928
	134,217	129,071
OTHER ASSETS		
Investment in Exhibition Enterprises Partnership, held for sale	7,522	7,667
Goodwill (net of accumulated amortization of $5,004 in 1992 and $4,316 in 1991)	40,823	41,511
Other intangible assets (net of accumulated amortization of $2,924 in 1992 and $4,291 in 1991)	11,940	12,500
Other	2,803	1,045
	63,088	62,723
	$267,881	$282,794

NOTE: The balance sheet at December 31, 1991 has been taken from the audited financial statements at that date.

See notes to consolidated financial statements.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(concluded)

LIABILITIES AND SHAREHOLDERS' EQUITY

	JUNE 30, 1992 (Unaudited)	DECEMBER 31, 1991 (Note)
	(dollars in thousands)	
CURRENT LIABILITIES		
Notes payable	$ 2,100	$ 4,250
Current portion of long-term debt	2,211	14,655
Accounts payable - trade	17,286	14,943
Accrued expenses and other current liabilities	25,387	26,219
Income taxes currently payable	2,222	2,810
TOTAL CURRENT LIABILITIES	49,206	62,877
LONG-TERM DEBT	106,658	107,710
DEFERRED INCOME TAXES	10,331	10,563
OTHER LIABILITIES	4,536	4,326
SHAREHOLDERS' EQUITY		
Preferred shares - no par value - Authorized - 20,000,000 shares; None issued and outstanding	---	---
Common shares - $.01 par value - Authorized - 100,000,000 shares; Issued - 30,967,762 shares in 1992 and 30,932,295 in 1991	310	309
Additional paid-in capital	207,047	206,858
Deficit	(40,262)	(39,904)
	167,095	167,263
Less treasury stock, at cost 12,846,094 common shares in 1992 and 1991	69,945	69,945
TOTAL SHAREHOLDERS' EQUITY	97,150	97,318
	$267,881	$282,794

NOTE: The balance sheet at December 31, 1991 has been taken from the audited financial statements at that date.

See notes to consolidated financial statements.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	SIX MONTHS ENDED JUNE 30,		QUARTER ENDED JUNE 30,	
	1992	1991	1992	1991
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(in thousands except per share data)			
RESTAURANT REVENUES	$ 152,429	$ 144,468	$ 68,450	$ 64,754
COSTS AND EXPENSES				
Food and supplies	53,487	53,230	23,647	24,794
Labor	37,223	35,589	16,695	15,861
Other restaurant operating expenses	20,751	19,575	9,325	8,701
Taxes other than income taxes	6,619	6,341	2,956	2,752
Depreciation and amortization	7,883	7,502	3,482	3,265
Selling, general and administrative	17,619	18,260	7,767	8,208
	143,582	140,497	63,872	63,581
OPERATING INCOME	8,847	3,971	4,578	1,173
OTHER INCOME AND EXPENSES				
Interest income	2,904	915	455	430
Interest expense	(9,112)	(9,780)	(3,699)	(4,224)
Other	45	(1,700)	(15)	(1,816)
	(6,163)	(10,565)	(3,259)	(5,610)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	2,684	(6,594)	1,319	(4,437)
PROVISION (BENEFIT) FOR INCOME TAXES	1,571	(1,722)	688	(1,360)
INCOME (LOSS) FROM CONTINUING OPERATIONS (carried forward)	$ 1,113	$ (4,872)	$ 631	$ (3,077)

TPI ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Continued)

	SIX MONTHS ENDED JUNE 30,		QUARTER ENDED JUNE 30,	
	1992 (Unaudited)	1991 (Unaudited)	1992 (Unaudited)	1991 (Unaudited)
	(In thousands except per share data)			
INCOME (LOSS) FROM CONTINUING OPERATIONS (brought forward)	$ 1,113	$ (4,872)	$ 631	$ (3,077)
DISCONTINUED OPERATIONS				
Loss from discontinued operations, net of income tax benefit of $1,161 and $798 for the six months and quarter ended June 30, 1991, respectively	---	(2,358)	---	(1,458)
Gain on disposal of discontinued operations, net of income tax of $4,438 for the quarter and six months ended June 30, 1992	---	7,922	---	7,922
	---	5,564	---	6,464
INCOME BEFORE EXTRAORDINARY ITEM	1,113	692	631	3,387
EXTRAORDINARY ITEM				
Loss on early extinguishment of debt, net of income tax benefit of $900 and $162 for the six months and quarter ended June 30, 1992, respectively	(1,471)	---	(265)	---
NET (LOSS) INCOME	$ (358)	$ 692	$ 366	$ 3,387
NET INCOME (LOSS) PER COMMON SHARE				
Continuing Operations	$ .06	$ (.24)	$ .03	$ (.16)
Discontinued Operations	---	.27	---	.34
Extraordinary Item	(.08)	---	(.01)	---
NET (LOSS) INCOME PER COMMON SHARE	$ (.02)	$ .03	$ .02	$ .18
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	18,222	20,315	18,213	18,771

See notes to consolidated financial statements.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDED JUNE 30,	
	1992 (Unaudited)	1991 (Unaudited)
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss) from continuing operations	$ 1,113	$ (4,872)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided:		
Depreciation and amortization	7,883	7,502
Deferred income taxes	(740)	1,081
Changes in assets and liabilities, net of effects of acquisitions and dispositions of businesses:		
Accounts receivable	313	133
Inventories	(791)	(4,487)
Other current assets	5,563	2,037
Other assets	(1,758)	(235)
Accounts payable	2,699	5,296
Accrued expenses and other current liabilities	504	(4,252)
Income taxes currently payable	(589)	(246)
Other liabilities	210	132
	14,407	2,089
Extraordinary item		
Loss on early extinguishment of debt	(1,471)	---
Net cash provided by continuing operations	12,936	2,089
Discontinued operations:		
Net income	---	5,564
Depreciation and amortization	---	3,909
Deferred income taxes	452	(184)
Gain on disposal of discontinued operations	---	(7,922)
Net investments and cash used in theatre operations	(1,538)	(5,500)
Net cash used in discontinued operations	(1,086)	(4,133)
Net cash provided by (used in) operating activities	11,850	(2,044)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Discontinued operations:		
Proceeds of stock sale receivable	---	(2,000)
Deferred gain on disposal of subsidiaries	---	3,457
Costs of disposition of theatre operations	---	(2,037)
Income taxes related to disposal	---	(4,438)
Acquisition of property and equipment	(13,657)	(8,805)
Disposition of property and equipment	2,489	1,538
Proceeds from sale-leaseback transactions	2,030	---
Other	185	200
Net cash used in investing activities	$ (8,953)	$ (12,085)

See notes to consolidated financial statements.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(concluded)

	SIX MONTHS ENDED JUNE 30,	
	1992 (Unaudited)	1991 (Unaudited)
	(in thousands)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt financing:		
Restricted cash deposits	$ ---	$ (11,700)
Short-term borrowing	45,500	16,486
Short-term loan reductions	(47,650)	(15,986)
Other long-term debt increases	424	---
Other long-term debt reductions	(16,746)	(284)
Common shares issued	190	184
Net cash used in financing activities	(18,282)	(11,300)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,385)	(25,429)
CASH AND CASH EQUIVALENTS, beginning of period	52,070	40,753
CASH AND CASH EQUIVALENTS, end of period	$ 36,685	$ 15,324
CASH PAID DURING THE PERIOD (including discontinued operations) FOR:		
Interest, net of amount capitalized	$ 8,790	$ 12,302
Income taxes	$ 1,548	$ 904

NONCASH TRANSACTIONS:

In connection with the formation of Exhibition Enterprises Partnership (the "Partnership"), TPI Entertainment, Inc. ("Entertainment") contributed to the Partnership approximately $258,000 of inventory, $66,404,000 of property and equipment, $12,346,000 of goodwill and $43,915,000 of other intangible assets, the Partnership assumed Entertainment's long-term debt of approximately $97,395,000 and the Company, through Entertainment, received 3,800,000 of the Company's common shares valued at approximately $24,225,000 and, 120 days later, received a payment of approximately $4,723,000 which included approximately $152,000 of interest and was net of approximately $1,300,000 of Entertainment's accrued expenses at April 18, 1991 which were paid by the Partnership (Note 2).

Additions to obligations under capital leases amounted to approximately $2,826,000 in 1992 and $821,000 in 1991. Capital lease additions in 1992 include approximately $1,254,000 relating to sale-leaseback transactions.

See notes to consolidated financial statements.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - CONSOLIDATED FINANCIAL STATEMENTS

The consolidated balance sheet as of June 30, 1992 and the consolidated statements of operations and cash flows for the periods ended June 30, 1992 and 1991, have been prepared by the Company without audit. TPI Restaurants, Inc. ("Restaurants"), a wholly-owned subsidiary of the Company, maintains its books on a 52-53 week fiscal year. The Company's consolidated results of operations for the quarters ended June 30, 1992 and 1991 include the results of Restaurants for the twelve and twenty-eight week periods ended July 12, 1992 and July 14, 1991, respectively. The operating results of the Company's theatre-related operations have been reclassified to discontinued operations and certain other amounts appearing for the period ended June 30, 1991 have been reclassified to conform to the presentation for the period ended June 30, 1992. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the consolidated financial position at June 30, 1992 and the consolidated results of operations and consolidated cash flows for the periods ended June 30, 1992 and 1991, have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the 1991 audited financial statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 1991. The results of operations for the quarters and six-month periods ended June 30, 1992 and 1991 are not necessarily indicative of the operating results for the full year.

NOTE 2 - DISCONTINUED OPERATIONS

TPI ENTERTAINMENT, INC.

At the end of 1991, the Company resolved to offer for sale its 50% interest in Exhibition Enterprises Partnership (the "Partnership") which is owned by the Company's wholly-owned subsidiary, TPI Entertainment, Inc. ("Entertainment"). Accordingly, the consolidated financial statements reflect all theatre operations as discontinued operations, and the Company's investment in the Partnership has been designated as "held for sale" on the consolidated balance sheets. Further, because the Company anticipates that it will receive proceeds from the sale of its interest in the Partnership in excess of its carrying value at December 31, 1991, the Company has not recorded its proportionate share of the Partnership loss for the quarter and six-month periods ended June 30, 1992.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

On April 25, 1991, in connection with the formation of the Partnership, Entertainment contributed to the Partnership approximately $258,000 of inventory, $66,404,000 of property and equipment, $12,346,000 of goodwill and $43,915,000 of other intangible assets, the Partnership assumed Entertainment's long-term debt of approximately $97,395,000 and the Company, through Entertainment, received 3,800,000 of the Company's common shares valued at approximately $24,225,000 and, 120 days later, received a payment of approximately $4,723,000 which included approximately $152,000 of interest and was net of approximately $1,300,000 of Entertainment's accrued expenses at April 18, 1991 which were paid by the Partnership. As a result of Entertainment's receipt of the aforementioned proceeds, Entertainment recognized a pre-tax gain of approximately $12,360,000 during the second quarter of 1991, which was net of Entertainment's costs in connection with the Partnership agreement and which has been classified as a gain on disposal of discontinued operations, net of income taxes.

The following condensed balance sheet reflects the financial position of the Partnership as of June 25, 1992, the last day of the Partnership's fiscal quarter.

	(Unaudited) (in thousands)
ASSETS	
Cash and cash equivalents	$ 2,421
Receivables	162
Property, net	62,919
Intangible assets, net	50,492
Other assets	3,416
TOTAL ASSETS	$119,410
LIABILITIES AND PARTNERS' CAPITAL	
Accounts payable	$ 6,849
Accrued expenses and other current liabilities	5,432
Borrowings, including current portion of long-term debt	92,527
TOTAL LIABILITIES	104,808
PARTNERS' CAPITAL	14,602
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$119,140

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Results of theatre operations, including operations prior to the commencement of the Partnership's operations, are as follows:

	26 WEEKS FROM DECEMBER 29, 1991 TO JUNE 25, 1992 (Partnership) (Unaudited)	25 WEEKS FROM JANUARY 4, TO JUNE 27, 1991 (Combined) (Unaudited)	13 WEEKS FROM MARCH 27, TO JUNE 25, 1992 (Partnership) (Unaudited)	12 WEEKS FROM APRIL 5, TO JUNE 27, 1991 (Combined) (Unaudited)
		(in thousands)		
Revenue	$ 70,500	$ 62,757	$ 35,116	$ 28,070
Costs and expenses				
Cost of theatre operations	56,195	50,986	28,130	23,651
Depreciation and amortization	6,286	6,193	3,038	2,754
Selling, general and administrative	3,797	3,593	1,925	1,360
	66,278	60,772	33,093	27,765
Operating income	4,222	1,985	2,023	305
Other income and expenses				
Investment and other income, net	202	334	65	217
Interest expense	(5,157)	(6,077)	(2,582)	(2,938)
	(4,955)	(5,743)	(2,517)	(2,721)
Net loss	$ (733)	$ (3,758)	$ (494)	$ (2,416)

In addition, the Company receives an administrative fee of 1/4% of Theatre Revenue from the theatre operations which is included in the results of discontinued operations for 1991. The fee which will be paid to the Company for 1992, in excess of current expenses of Entertainment, will be deducted from the carrying value of the Partnership. Such fee amounted to approximately $88,000 and $76,000 for the quarters ended June 25, 1992 and June 27, 1991, respectively and to approximately $175,000 and $156,000 respectively, for the twenty-six and twenty-five week periods then ended.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 3 - REFINANCING, NOTES PAYABLE AND EXISTING LONG-TERM DEBT

Refinancing

On August 6, 1992, the Company completed the refinancing (the "Refinancing") of Restaurants' 14.25% Senior Subordinated Notes (the "Notes"). Pursuant to the Refinancing, the Company issued $51,750,000 aggregate principal amount of its 8-1/4% Convertible Subordinated Debentures due 2002 (the "Debentures"), which are guaranteed by Restaurants on a subordinated basis, and Restaurants entered into a new credit agreement with a syndicate of banks (the "Banks") providing for term and revolving credit facilities totalling $55,000,000 (the "Credit Facilities"). The net proceeds from the Debenture offering (the "Offering"), together with $45,000,000 of existing corporate funds, were contributed to Restaurants by the Company and were used by Restaurants along with borrowings under the Credit Facilities to repurchase approximately $97,500,000 aggregate principal amount of the Notes. Approximately $81,650,000 aggregate principal amount of the Notes were repurchased pursuant to a tender offer (the "Tender Offer"), at a total cost of approximately $95,000,000 including premium, consent fees and accrued interest to July 29, 1992. An additional $15,850,000 aggregate principal amount of the Notes, previously purchased by the Company for $17,798,000 prior to May 1, 1992, were repurchased by Restaurants at a total cost of approximately $18,300,000, which amount represented the Company's cost plus accrued interest to July 29, 1992 (the "Intercompany Repurchase").

Debentures

The net proceeds to the Company from the Offering were approximately $48,000,000, net of the underwriting discount and estimated expenses, and were provided to Restaurants. Interest on the Debentures accrues from July 29, 1992 and is payable on January 15 and July 15 commencing January 15, 1993. The Debentures are convertible at the option of the holder into common shares of the Company ("Common Shares") at any time prior to maturity, unless previously redeemed or repurchased, at a conversion price of $6.50 per share, subject to adjustment in certain events.

The Debentures mature on July 15, 2002 and are redeemable, in whole or in part, at the option of the Company at any time on or after July 15, 1995, initially at 105.775% of their principal amount and declining to 100% of their principal amount on July 15, 2002, together with accrued and unpaid interest. The Debenture holders may also require the Company to repurchase the Debentures, in whole or in part, in certain circumstances involving a change in control of the Company as defined in the indenture covering the Debentures (the "Indenture"). However, a change in control, as defined in the Indenture, will create an event of default under the Credit Facilities and, as a result, any

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

repurchase would, absent a waiver, be blocked by the subordination provisions of the Indenture until the Credit Facilities (and any other senior indebtedness of the Company and senior indebtedness of the Guarantor with respect to which there is a payment default) have been repaid in full.

The Debentures are unconditionally guaranteed (the "Guarantee") on a subordinated basis by Restaurants (the "Guarantor"). The Debentures and the Guarantee are subordinated to all existing and future senior indebtedness, as defined in the Indenture, of the Company and Restaurants, respectively, and are also effectively subordinated to all indebtedness of the other subsidiaries of the Company and the subsidiaries of Restaurants. The Indenture does not prohibit or limit the ability of the Company or any of its subsidiaries to incur additional indebtedness, including indebtedness which will rank senior to the Debentures.

Credit Facilities

On July 29, 1992, simultaneously with the consummation of the Offering and the Tender Offer, Restaurants entered into the credit agreement covering the Credit Facilities. The Credit Facilities consist of a $30,000,000 term loan facility (the "Term Loan Facility") and a $25,000,000 revolving credit facility (the "Revolving Credit Facility"). Up to $20,000,000 of the Revolving Credit Facility is available for direct borrowings by Restaurants (the "Revolving Borrowings") for general corporate purposes. A portion of the Revolving Credit Facility is also available for letters of credit.

The Term Loan Facility, of which the entire $30,000,000 has been borrowed, matures approximately five years after closing and is payable in 20 consecutive quarterly installments of $750,000 per quarter during the first two years of the Term Loan and $2,000,000 per quarter for the remainder of the Term Loan. The Revolving Credit Facility matures two years after closing at which time Revolving Borrowings will be required to be repaid in full. Because the Credit Facilities do not permit the obtaining of a replacement for the Revolving Credit Facility from another lender, Restaurants will likely be required to refinance the entire amount of the Credit Facilities upon the expiration of the Revolving Credit Facility unless the Banks extend the Revolving Credit Facility.

The Term Loan and Revolving Borrowings will initially bear interest, at the option of Restaurants, at either (i) the Alternate Base Rate (as defined below) plus 1.50% (the "Alternate Base Rate Margin") or (ii) LIBOR (adjusted for reserves) for interest periods of 1, 2, 3, or 6 months, plus 2.50% (the "LIBOR Margin"). After the second fiscal quarter of 1993, the applicable interest margin will be adjusted from time to time based upon certain financial ratios of Restaurants. The Alternate Base Rate Margin may vary from 0.50% to 1.75% and the LIBOR Margin may vary from 1.50% to 2.75%. The "Alternate Base Rate" is the greater of (a) the prime commercial lending rate as publicly announced to be in

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

effect from time to time of one of the Banks, and (b) 0.50% plus the federal funds rate (as published by the Federal Reserve Bank of New York). An additional amount of interest will be payable if any payment of principal or interest is not paid when due. Restaurants has agreed to pay certain fees and expenses of the Banks in connection with the original commitment letter and Credit Facilities which, together with Restaurants' other costs in connection with obtaining the Credit Facilities, total approximately $2,000,000 and has also agreed to indemnify the Banks against certain liabilities. Restaurants has also agreed to pay various fees and expenses in connection with letters of credit to be issued against the Revolving Credit Facility and a commitment fee equal to 0.50% per annum on the average daily unused amount of the Revolving Credit Facility and the Term Loan Facility.

The borrowings under the Credit Facilities have been initially secured by all shares of the capital stock of Restaurants whenever issued, intercompany debt of Restaurants owed to the Company and lease assignments with respect to certain premises in which the land is currently leased but the building located thereon is owned by Restaurants. In addition, the Banks have the right to obtain, as security, assignments of other leases and/or mortgages on real property currently owned or hereafter acquired. Notwithstanding the foregoing, Restaurants has rights to finance certain of these properties and obtain a release of the collateral under certain conditions. The Company has irrevocably and unconditionally guaranteed the full and prompt payment when due of all obligations of Restaurants under the Credit Facilities.

The Credit Facilities limit, among other things, the ability of the Company and its subsidiaries to incur additional indebtedness, pay dividends, issue preferred stock of subsidiaries, repay indebtedness prior to its stated maturity, create liens, sell assets or engage in mergers or acquisitions, make certain capital expenditures and make investments in subsidiaries. Restaurants must also maincain certain financial ratios.

Tender Offer and Consent Solicitation

Pursuant to the Tender Offer which commenced on June 12, 1992 and which was amended on July 6, 1992, Restaurants offered to purchase $84,150,000 aggregate principal amount of the Notes at an aggregate cash purchase price of $1,140 per $1,000 principal amount of such Notes plus accrued interest thereon, which consisted of $1,080 per $1,000 principal amount for validly tendered Notes and $60 per $1,000 principal amount for validly delivered consents to certain amendments (the "Amendments") to the indenture covering the Notes (the "14.25% Indenture"). The Amendments, adopted pursuant to the supplemental indenture to the 14.25% Indenture dated July 20, 1992, modified certain covenants in the 14.25% Indenture relating to, among other things, dividends and other restricted payments, incurrence of indebtedness and transactions with affiliates, in order to facilitate the Refinancing. $81,676,000 principal amount of the Notes were accepted for purchase and paid for by the Company. The Company had previously purchased $15,850,000 aggregate principal amount of the Notes in the open market.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Notes Payable

Notes payable consists of advances to Restaurants by a bank of $2,100,000 and $4,250,000 as of June 30, 1992 and December 31, 1991, respectively, pursuant to a $10,000,000 line of credit which was extended until the closing of the Credit Facilities on July 29, 1992. In connection with the line of credit, the Company had pledged a $6,000,000 certificate of deposit as security for Restaurants' repayment of the first $6,000,000 of any outstanding balances on the credit line and guaranteed Restaurants' repayment of any remaining balance of the credit line. At June 30, 1992 interest was payable at 7%. As of June 30, 1992 and December 31, 1991, Restaurants' standby letters of credit amounted to $7,780,000 and $8,740,000, respectively, and were secured by a $5,700,000 certificate of deposit of the Company. Pursuant to the Refinancing, the line of credit was repaid, the outstanding letters of credit have been deemed issued pursuant to the Revolving Credit Facility and the certificates of deposit which had been securing the obligations of Restaurants and which are reflected as restricted cash deposits on the consolidated balance sheets, became available for general corporate purposes.

As of June 30, 1992 and December 31, 1991, respectively, Entertainment was contingently liable for approximately $375,000 and $875,000 of standby letters of credit.

Existing Long-Term Debt

Long-term debt is summarized as follows:

	JUNE 30, 1992 (Unaudited)	DECEMBER 31, 1991 (Note)
	(in thousands)	
14.25% Senior Subordinated Notes of Restaurants	$ 84,150	$ 100,000
Notes payable, principally to banks, 7.75% to 10%, payable monthly to 1995, secured by land, buildings and equipment	1,079	729
Obligations under capital leases	23,640	21,636
	108,869	122,365
Less: amounts due within one year	2,211	14,655
	$ 106,658	$ 107,710

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Restaurants issued $100,000,000 principal amount of the Notes in November 1988. Following the Refinancing, on August 11, 1992, Restaurants repurchased an additional $1,000,000 principal amount of the Notes and, consequently, approximately $1,500,000 of the Notes remain outstanding. Interest on the remaining Notes is payable May 15 and November 15. In March 1992 the Company purchased $12,950,000 principal amount of the Notes for $14,549,000 in cash and such notes were reclassified as a current portion of long-term debt on the consolidated balance sheet at December 31, 1991. Through May 1, 1992 the Company purchased an additional $2,900,000 principal amount of the Notes for $3,249,000. The costs of the repurchased notes in excess of their principal amounts, together with the related deferred finance costs, were charged to income as extraordinary items, net of income tax, during 1992 as follows:

	SIX MONTHS ENDED JUNE 30, 1992 (Unaudited)	QUARTER ENDED JUNE 30, 1992 (Unaudited)
	(in thousands)	
Cost of repurchased Notes	$ 17,798	$ 3,249
Principal amount of repurchased Notes	15,850	2,900
	1,948	349
Related deferred finance costs	423	78
Extraordinary charge before income tax benefit	2,371	427
Income tax benefit	900	162
Extraordinary charge, net	$ 1,471	$ 265

The cost of the Notes repurchased pursuant to the Tender Offer and subsequently, in excess of their principal amount, together with the consent fees, the related deferred finance costs and the costs of the Tender Offer, will be charged to income as an extraordinary item, net of income tax, during the third quarter of 1992.

NOTE 4 - TAXES

The provision (benefit) for income taxes for continuing operations is as follows:

	SIX MONTHS ENDED JUNE 30,	
	1992 (Unaudited)	1991 (Unaudited)
	(in thousands)	
Current		
Federal	$ 1,977	$ (2,920)
State and local	334	117
	2,311	(2,803)
Deferred		
Federal	(725)	1,081
State and local	(15)	---
	(740)	1,081
	$ 1,571	$ (1,722)

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The income tax (benefit) for continuing operations is different than the amount that would be computed by multiplying the income (loss) before provision (benefit) for income taxes by the statutory U.S. federal income tax rate for the following reasons:

	SIX MONTHS ENDED JUNE 30,	
	1992 (Unaudited)	1991 (Unaudited)
	(in thousands)	
Income (loss) from continuing operations before provision (benefit) for income taxes	$ 2,684	$ (6,594)
Tax (benefit) at statutory rate of 34%	913	(2,242)
Increases (reductions) in taxes result from:		
State and local income taxes, net of federal income tax benefit	210	78
Amortization of goodwill and other non-deductible items	637	523
Targeted jobs tax credit	(189)	(81)
Total income tax (benefit)	$ 1,571	$ (1,722)

NOTE 5 - LITIGATION

(a) On April 5, 1988, Knoll Capital Management, L.P. ("Knoll") and G.H. Acquisition Investment, Inc. ("G.H. Acquisition") filed a complaint against the Company, Restaurants (then known as Shoney's South, Inc.) and the members of a special committee of Restaurants' Board of Directors that existed shortly prior to and at the time of the acquisition of Restaurants by the Company. The complaint alleges, among other things, that Restaurants entered into an enforceable merger agreement with G.H. Acquisition. Among other things, the complaint states that Restaurants breached the alleged merger agreement and that the Company tortiously interfered with that agreement. The complaint alleges damages from Restaurants and from the Company including, respectively, a $3.5 million termination fee allegedly due under the purported merger agreement and treble damages for the alleged tortious interference. The Company, Restaurants and the members of the special committee have answered the complaint, denying the material allegations therein.

On March 25, 1991 the Company, on behalf of itself and Restaurants, filed a motion for summary judgment dismissing the Knoll complaint. That motion was later joined by the individual defendants. On February 26, 1992, the Court granted the defendants' motion for summary judgment as to four of the five counts set forth in the complaint. In addition, the Court denied the

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

defendants' motion for summary judgment as to the remaining count in the complaint for fraud and deceit against Restaurants. The Company, Restaurants and the special committee members believe they have meritorious defenses to the allegations in the complaint and intend to defend the action vigorously.

(b) On July 26, 1989, the United States Equal Employment Opportunity Commission (the "EEOC") filed a class action complaint against Restaurants. The complaint, filed in U.S. District Court for the Western District of Tennessee, alleges, among other things, that Restaurants discharged a former employee in retaliation for his having complained about segregated job classifications, that it has engaged in and is continuing to engage in unlawful employment practices in its Memphis facilities, and that it has willfully failed to maintain employment records as required by EEOC regulations. These actions, it is alleged, are in violation of Title VII of the Civil Rights Act of 1964. The complaint seeks a permanent injunction enjoining Restaurants from engaging in any employment practice which discriminates on the basis of race and seeks an order requiring Restaurants to make whole those individuals adversely affected by the alleged unlawful employment practices, by reinstating such individuals with back pay. On September 29, 1989 Restaurants answered the complaint denying the material allegations therein and asserting various affirmative defenses.

Restaurants has provisionally agreed with the regional attorney's office of the EEOC upon certain terms of a settlement in this matter, which primarily relates to events occurring prior to Restaurants' acquisition by the Company. Under the settlement, Restaurants would not admit any violation of law but would pay $750,000 to satisfy the back pay/damages portion of the lawsuit. Such amount was charged to operations during the year ended December 31, 1990. Restaurants also would undertake certain affirmative action measures to promote the hiring of minorities over a three-year period. Certain procedural aspects of the settlement, such as goals for affirmative action and the scope of a release, are currently being negotiated with the regional attorney's office. Any settlement reached with that office would be subject to the approval of the general counsel of the EEOC in Washington, D.C. and ultimately of the Court.

Additionally, the Company and its subsidiaries are defendants in various lawsuits arising in the ordinary course of business. It is the opinion of management of the Company that it has meritorious defenses against all such claims as well as the above claims and that the outcome of such litigation will not have a significant adverse effect on the consolidated financial statements. Further, management intends to vigorously defend all such litigation.

TPI ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

NOTE 6 - COMMON SHARES AND NET INCOME (LOSS) PER COMMON SHARE

Net income (loss) per common share is based on the weighted average number of common and common equivalent shares outstanding as follows:

	SIX MONTHS ENDED JUNE 30,		QUARTER ENDED JUNE 30,	
	1992 (Unaudited)	1991 (Unaudited)	1992 (Unaudited)	1991 (Unaudited)
	(in thousands)			
Weighted average number of common shares	18,107	20,269	18,117	18,743
Effects of outstanding stock options	115	46	96	28
Weighted average number of common and common equivalent shares	18,222	20,315	18,213	18,771

The Debentures are convertible at the option of the holder into Common Shares at any time prior to maturity on July 15, 2002, unless previously redeemed or repurchased, at a conversion price of $6.50 per share, subject to adjustment in certain circumstances. Consequently, after August 6, 1992, up to approximately 7,962,000 Common Shares could be issued upon conversion of the Debentures.

NOTE 7 - PENDING ACQUISITION

On April 14, 1992 Restaurants signed a letter of intent to acquire four Shoney's restaurants and the related reserved area in the Boca Raton area of Florida. The proposed transaction is subject to a number of conditions, including approval of the Company's Board of Directors.

NOTE 8 - SUBSEQUENT EVENT

In July 1992, in connection with the relocation of the Company's corporate headquarters, the Company entered into a seven-year lease commencing July 1, 1992, for approximately 4,800 square feet of office space at a base annual rental of approximately $119,000 plus annual increases of five percent. The Company will also pay a pro rata share of operating expenses which are initially estimated to be approximately $45,000 per annum. Rental payments will not commence until August 15, 1992 and the Company will receive a relocation allowance of $50,000. The Company's obligations for rent and operating expenses under its present lease for its New York headquarters, amounting to approximately $540,000 per annum through June 30, 1994, have been substantially provided for in the restructuring charge recorded during the fourth quarter of 1991.

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Continuing Operations
Results of Operations

Restaurant Operations

Continuing operations include the operations of TPI Restaurants, Inc. ("Restaurants"), substantially all of whose revenues are derived from restaurant sales. Restaurants maintains its financial records on a 52-53 week fiscal year ending on the last Sunday in December. The first quarterly reporting period consists of 16 weeks and the remaining three quarters are 12 weeks each. Consequently, the results of the Company for the six months and quarter ended June 30, 1992 include the results of Restaurants for the 28 weeks and 12 weeks, respectively. Restaurants' business is seasonal in nature with the second and third fiscal quarters (Spring and Summer) having higher weekly sales volumes than the first and fourth quarters. Since its acquisition by the Company, Restaurants has sought to maximize profitability by improving the quality of the food served at its restaurants, reviewing the condition and location of each restaurant and its respective market and improving the quality of service to its customers. During 1991 and 1992 the number of restaurants operated by the Company were 242 at January 1, and March 31, 1991, 243 at June 30, 1991, 245 at December 31, 1991 and 250 at March 31, and June 30, 1992.

Six Months Ended June 30, 1992
Compared to the Six Months Ended June 30, 1991

Revenues increased approximately $7,961,000, or 5.5%, from approximately $144,468,000 in 1991 to approximately $152,429,000 in 1992. This increase was primarily attributable to additional sales of approximately $7,211,000 from new restaurants built after the second quarter of 1991, approximately $2,654,000 from same store sales increases of 2.2% in the Shoney's concept and .75% in the Captain D's concept and approximately $295,000 from insurance operations. These increases were offset by decreases in revenue from closed stores and the Company's other restaurant concepts totalling approximately $2,199,000.

The cost of food and supplies increased by approximately $257,000, or 0.5%, from approximately $53,230,000 in 1991 to approximately $53,487,000 in 1992. The cost of food and supplies as a percentage of revenue declined from 36.8% to 35.1% between 1991 and 1992. The percentage decrease is due to the Company's improvements in its commissary operations, a general decline in the cost of certain food items purchased by the Company and improved purchase discounts and rebates.

Labor costs increased by approximately $1,634,000 or 4.6% from approximately $35,589,000 in 1991 to approximately $37,223,000 in 1992. Despite an increase in the minimum wage after the first quarter of 1991, labor costs as a percentage of revenue declined from 24.6% in 1991 to 24.4% in 1992. The decline is a result of the Company's continuing efforts to decrease labor costs through the utilization of a master scheduling program as sales continue to increase.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

Other restaurant operating expenses increased approximately $1,176,000 or 6.0% from approximately $19,575,000 in 1991 to approximately $20,751,000 in 1992, but as a percentage of revenue remained at 13.6% in both periods. The increase was primarily due to normal increases in facility costs associated with the additional number of restaurants operated by the Company and the increased revenues. Workers compensation allocated to other restaurant operating expenses which had increased significantly since May 1990 decreased by approximately $258,000 or 10.9% from approximately $2,357,000 in 1991 to approximately $2,099,000 in 1992. Following the implementation of an aggressive loss control program, both the frequency and severity of losses have declined significantly.

Taxes other than income taxes increased by approximately $278,000, or 4.4%, from approximately $6,341,000 in 1991 to approximately $6,619,000 in 1992, and decreased to 4.3% of revenues in 1992 compared to 4.4% of revenues in 1991.

Depreciation and amortization increased by approximately $381,000, or 5.1%, from approximately $7,502,000 in 1991 to approximately $7,883,000 in 1992 primarily due to recent capital expenditures in the form of newly built restaurants, continued implementation of the Company's remodeling program and refurbishments.

Selling, general and administrative expenses decreased by approximately $641,000 or 3.5% from approximately $18,260,000 in 1991 to approximately $17,619,000 in 1992 and from 12.6% of revenues to 11.6% of revenues between the periods. Increases in incentive compensation, advertising and professional fees from 1991 to 1992 were offset by reduced freight and trucking costs, reduced insurance and employee benefits and improved absorption of general and administrative expenses by the commissary operations. Savings in corporate overhead which are expected to result from the corporate restructuring (which gave rise to a restructuring charge of $2,750,000 during the fourth quarter of 1991) are expected to begin to be realized in the latter half of 1992.

Operating income increased approximately $4,876,000, or 123% from approximately $3,971,000 in 1991 to approximately $8,847,000 in 1992 as a result of the aforementioned increase in revenues and decreases in costs as a percentage of revenues.

Interest income increased by approximately $1,989,000, or 217%, from approximately $915,000 in 1991 to approximately $2,904,000 in 1992. Interest income consists of income earned by the Company on its invested assets which are not required for day-to-day operations. The 1992 amount includes approximately $1,827,000 of net interest on income tax refunds received in 1992, following the final resolution of certain prior year income tax examinations. The interest earned on the Company's invested assets increased by approximately $162,000. This resulted from the greater amount of cash available for investment in 1992, but was offset by the lower interest rates available in 1992 for such investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

Interest expense decreased approximately $668,000, or 6.8%, from approximately $9,780,000 in 1991 to approximately $9,112,000 in 1992 primarily due to savings of approximately $691,000 resulting from the Company's repurchase of $15,850,000 principal amount of Restaurants' 14.25% Senior Subordinated Notes (the "Notes") during March and April of 1992 and savings of approximately $190,000 resulting from declining interest rates and lower average balances on Restaurants' short-term borrowing. The savings were offset by, among other things, approximately $108,000 of additional interest related to the increase in obligations under capital leases at Restaurants and approximately $90,000 related to certain income tax liabilities.

In March 1992, the Company purchased $12,950,000 principal amount of the Notes for $14,549,000 in cash. During April 1992 the Company purchased an additional $2,900,000 principal amount of the Notes for $3,249,000. The cost of the repurchased notes in excess of their face amounts, together with approximately $423,000 of related deferred debt costs, was charged to income as an extraordinary item, net of income tax, during the first half of 1992. (See Note 3 of the Notes to Consolidated Financial Statements).

Quarter Ended June 30, 1992 Compared to the Quarter Ended June 30, 1991

Revenues increased approximately $3,696,000, or 5.7%, from approximately $64,754,000 in 1991 to approximately $68,450,000 in 1992. This increase was primarily attributable to additional sales of approximately $3,941,000 from new restaurants built after the second quarter of 1991, approximately $799,000 from a same store sales increase of 2.0% in the Shoney's concept, offset by a 1.9% decrease in the Captain D's concept, and approximately $315,000 from insurance operations. These increases were offset by decreases in revenue from closed stores and the Company's other restaurant concepts totalling approximately $1,359,000.

The cost of food and supplies decreased by approximately $1,147,000, or 4.6%, from approximately $24,794,000 in 1991 to approximately $23,647,000 in 1992. The cost of food and supplies as a percentage of revenue declined from 38.3% to 34.5% between 1991 and 1992. These decreases related to improvements in the Company's commissary operations, a general decline in the cost of certain food items purchased by the Company and improved purchase discounts and rebates.

Labor costs increased by approximately $834,000, or 5.3% from approximately $15,861,000 in 1991 to approximately $16,695,000 in 1992. Despite an increase in the minimum wage after the first quarter of 1991, labor costs as a percentage of revenue declined from 24.5% in 1991 to 24.4% in 1992. The decline is a result of the Company's continuing efforts to decrease labor costs through the utilization of a master scheduling program as sales continue to increase. This savings was added to other savings already realized from the Company's improvements in its commissary operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

Other restaurant operating expenses increased approximately $624,000 or 7.2% from approximately $8,701,000 in 1991 to approximately $9,325,000 in 1992, and as a percentage of revenue, increased from 13.4% to 13.6%. This increase was primarily due to normal increases in facility costs associated with the additional number of restaurants operated by the Company and the increased revenues. Workers compensation allocated to other restaurant operating expenses which had increased significantly since May 1990 decreased by approximately $43,000 or 5.1% from approximately $843,000 in 1991 to approximately $800,000 in 1992. Following the implementation of an aggressive loss control program, both the frequency and severity of losses have declined significantly.

Taxes other than income taxes increased by approximately $204,000, or 7.4%, from approximately $2,752,000 in 1991 to approximately $2,956,000 in 1992, and increased to 4.3% of revenues in 1992 compared to 4.2% of revenues in 1991.

Depreciation and amortization increased by approximately $217,000, or 6.6%, from approximately $3,265,000 in 1991 to approximately $3,482,000 in 1992 primarily due to recent capital expenditures in the form of newly built restaurants, continued implementation of the Company's remodeling program and refurbishments.

Selling, general and administrative expenses decreased by approximately $441,000 or 5.4% from approximately $8,208,000 in 1991 to approximately $7,767,000 in 1992 and from 12.7% of revenues to 11.3% of revenues between the quarterly periods. Increases in incentive compensation, advertising and professional fees from 1991 to 1992 were offset by reduced freight and trucking costs, reduced insurance and employee benefits, a reduction in the accrual for stock appreciation rights and improved absorption of general and administrative expenses by the commissary operations. Savings in corporate overhead which are expected to result from the corporate restructuring (which gave rise to a restructuring charge of $2,750,000 during the fourth quarter of 1991) are expected to begin to be realized in the latter half of 1992.

Operating income increased approximately $3,405,000, or 290% from approximately $1,173,000 in 1991 to approximately $4,578,000 in 1992 as a result of the aforementioned increase in revenues and decreases in costs as a percentage of revenues.

Interest income increased by approximately $25,000, or 5.8%, from approximately $430,000 in 1991 to approximately $455,000 in 1992. Interest income consists of income earned by the Company on its invested assets which are not required for day-to-day operations. This increase resulted from the greater amount of cash available for investment in 1992, but was offset by the lower interest rates available in 1992 for such investments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

Interest expense decreased approximately $525,000, or 12.4%, from approximately $4,224,000 in 1991 to approximately $3,699,000 in 1992 primarily due to savings of approximately $517,000 resulting from the Company's repurchase of $12,950,000 principal amount of the Notes during March 1992 and $2,900,000 principal amount during April 1992 and savings of approximately $91,000 resulting from declining interest rates and lower average balances on Restaurants' short-term borrowing. The savings were offset by, among other things, approximately $67,000 of additional interest related to the increase in obligations under capital leases at Restaurants.

In April 1992 the Company purchased $2,900,000 principal amount of the Notes for $3,249,000. The $349,000 excess of the cost of the repurchased notes above their face amount, together with approximately $78,000 of related deferred debt costs, was charged to income as an extraordinary item, net of income tax, during the second quarter of 1992. (See Note 3 of the Notes to Consolidated Financial Statements).

General

The provisions for income taxes consist of state and local income taxes and a federal tax benefit at the statutory rate of 34% on the income (loss) from continuing operations. When providing for income taxes, the income (loss) before provision (benefit) for income taxes must be increased by the difference between the amount of depreciation and amortization expense related to the fair value of Restaurants' assets acquired and the amount of depreciation and amortization expense for these same assets allowed for income tax purposes (See Note 4 of the Notes to Consolidated Financial Statements). In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 - Accounting for Income Taxes. Adoption of this statement is currently required for fiscal years beginning after December 15, 1992. The Company is not able to determine at the present time the effect that adoption of the new statement will have on its consolidated financial statements.

Liquidity and Capital Resources

On August 6, 1992, the Company completed the refinancing (the "Refinancing") of the Notes. Pursuant to the Refinancing, the Company issued $51,750,000 aggregate principal amount of its 8-1/4% Convertible Subordinated Debentures due 2002 (the "Debentures"), which are guaranteed by Restaurants on a subordinated basis, and Restaurants entered into a new credit agreement with a syndicate of banks (the "Banks") providing for term and revolving credit facilities totalling $55,000,000 (the "Credit Facilities"). The net proceeds from the Debenture offering (the "Offering"), together with $45,000,000 of existing corporate funds, were contributed to Restaurants by the Company and were used by Restaurants along with borrowings under the Credit

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

Facilities, to repurchase approximately $97,500,000 aggregate principal amount of the Notes. Approximately $81,650,000 aggregate principal amount of the Notes were repurchased pursuant to a tender offer (the "Tender Offer"), at a total cost of approximately $95,000,000 including premium, consent fees and accrued interest to July 29, 1992. An additional $15,850,000 aggregate principal amount of the Notes, previously purchased by the Company for $17,798,000 prior to May 1, 1992, were repurchased by Restaurants at a total cost of approximately $18,300,000, which amount represented the Company's cost plus accrued interest to July 29, 1992 (the "Intercompany Repurchase").

The Debentures are convertible at the option of the holder into common shares of the Company ("Common Shares") at any time prior to maturity, unless previously redeemed or repurchased, at a conversion price of $6.50 per share, subject to adjustment in certain events. The Debentures mature on July 15, 2002 and are redeemable, in whole or in part, at the option of the Company at any time on or after July 15, 1995, initially at 105.775% of their principal amount and declining to 100% of their principal amount on July 15, 2002, together with accrued and unpaid interest. The Debenture holders may also require the Company to repurchase the Debentures, in whole or in part, in certain circumstances involving a change in control of the Company as defined in the indenture covering the Debentures (the "Indenture"). However, a change in control, as defined in the Indenture, will create an event of default under the Credit Facilities and, as a result, any repurchase would, absent a waiver, be blocked by the subordination provisions of the Indenture until the Credit Facilities (and any other senior indebtedness of the Company and senior indebtedness of the Guarantor with respect to which there is a payment default) have been repaid in full.

The Debentures are unconditionally guaranteed (the "Guarantee") on a subordinated basis by Restaurants (the "Guarantor"). The Debentures and the Guarantee are subordinated to all existing and future senior indebtedness, as defined in the Indenture, of the Company and Restaurants, respectively, and are also effectively subordinated to all indebtedness of the other subsidiaries of the Company and the subsidiaries of Restaurants. The Indenture does not prohibit or limit the ability of the Company or any of its subsidiaries to incur additional indebtedness, including that which will rank senior to the Debentures.

On July 29, 1992, simultaneously with the consummation of the Offering and the Tender Offer, Restaurants entered into the credit agreement covering the Credit Facilities. The Credit Facilities consist of a $30,000,000 term loan facility (the "Term Loan Facility") and a $25,000,000 revolving credit facility (the "Revolving Credit Facility"). Up to $20,000,000 of the Revolving Credit Facility is available for direct borrowings by Restaurants (the "Revolving Borrowings") for general corporate purposes. A portion of the Revolving Credit Facility is also available for letters of credit.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

The Term Loan Facility, of which the entire $30,000,000 has been borrowed, matures approximately five years after closing and is payable in 20 consecutive quarterly installments of $750,000 per quarter during the first two years of the Term Loan and $2,000,000 per quarter for the remainder of the Term Loan. The Revolving Credit Facility matures two years after closing at which time Revolving Borrowings will be required to be repaid in full. Because the Credit Facilities do not permit the obtaining of a replacement for the Revolving Credit Facility from another lender, Restaurants will likely be required to refinance the entire amount of the Credit Facilities upon the expiration of the Revolving Credit Facility unless the Banks extend the Revolving Credit Facility.

The borrowings under the Credit Facilities have initially been secured by all shares of the capital stock of Restaurants whenever issued, intercompany debt of Restaurants owed to the Company and lease assignments with respect to certain premises in which the land is currently leased but the building located thereon is owned by Restaurants. In addition, the Banks have the right to obtain, as security, assignments of other leases and/or mortgages on real property currently owned or hereafter acquired. Notwithstanding the foregoing, Restaurants has rights to finance certain of these properties and obtain a release of the collateral under certain conditions. The Company has irrevocably and unconditionally guaranteed the full and prompt payment when due of all obligations of Restaurants under the Credit Facilities.

The Credit Facilities limit, among other things, the ability of the Company and its subsidiaries to incur additional indebtedness, pay dividends, issue preferred stock of subsidiaries, repay indebtedness prior to its stated maturity, create liens, sell assets or engage in mergers or acquisitions, make certain capital expenditures and make investments in subsidiaries. Restaurants must also maintain certain financial ratios.

Pursuant to the Tender Offer, Restaurants offered to purchase $84,150,000 aggregate principal amount of the Notes at an aggregate cash purchase price of $1,140 per $1,000 principal amount of such Notes plus accrued interest thereon, for validly tendered Notes and validly delivered consents to certain amendments (the "Amendments") to the indenture covering the Notes (the "14.25% Indenture"). The Amendments, adopted pursuant to the supplemental indenture to the 14.25% Indenture dated July 20, 1992, modified certain covenants in the 14.25% Indenture relating to, among other things, dividends and other restricted payments, incurrence of indebtedness and transactions with affiliates, in order to facilitate the Refinancing. $81,676,000 principal amount of the Notes were accepted for purchase and paid for by the Company. The Company had previously purchased $15,850,000 aggregate principal amount of the Notes in the open market. The total cost of the Notes repurchased pursuant to the Tender Offer and the additional $1,000,000 repurchased on August 11, 1992, in excess of their principal amount, together with the consent fees, the related deferred finance costs and the costs of the Tender Offer, will be charged to income as an extraordinary item, net of income tax, during the third quarter of 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

Restaurants sold $100,000,000 principal amount of the Notes in November 1988. Following the Refinancing and Restaurants repurchase of an additional $1,000,000 principal amount of the Notes, approximately $1,500,000 of the Notes remain outstanding. Restrictions under the Indenture, the Guarantee, the Credit Facilities and the 14.25% Indenture, as amended, are not expected to affect the Company's ability to meet its cash obligations. (See Note 3 of the Notes to Consolidated Financial Statements).

As of July 12, 1992, there was $2,100,000 outstanding against Restaurants' line of credit in the amount of $10,000,000 which was extended until the closing of the Credit Facilities on July 29, 1992. In connection with the line of credit, the Company has pledged a $6,000,000 certificate of deposit with the bank as security for Restaurants' repayment of the first $6,000,000 of any outstanding balance on the credit line and guaranteed Restaurants' repayment of any remaining balance of the credit line. As of the end of the second quarter, Restaurants' had $7,780,000 of standby letters of credit outstanding. The letters of credit were secured by a $5,700,000 certificate of deposit of the Company. Pursuant to the Refinancing, the line of credit was repaid, the outstanding letters of credit have been deemed issued pursuant to the Revolving Credit Facility and the certificates of deposit which had been securing the obligations of Restaurants and which are reflected as restricted cash deposits on the consolidated balance sheets, became available for general working capital purposes. As of August 10, 1992, standby letters of credit in the amount of approximately $7,780,000 were outstanding and there were no Revolving Borrowings outstanding. Consequently, approximately $17,220,000 of the Revolving Credit Facility is available for general corporate purposes. The Company believes that all of its working capital needs for 1992 will be met through cash generated from operations and borrowings available under the Credit Facilities. (See Note 3 of the Notes to Consolidated Financial Statements).

Restaurants has a working capital deficiency at July 12, 1992 of approximately $25,000,000. The Company's restaurant operations do not have significant receivables or inventory and receive trade credit based upon negotiated terms in purchasing food and supplies. Therefore, like many other companies in the restaurant industry, Restaurants generally operates with negative working capital.

The Company's "maintenance capital expenditures" at existing restaurants approximate $2,000,000 annually and are required in order to replace individual building or equipment components which are needed from time to time as a result of normal wear. In addition, the Company has embarked on a plan to expand the number of restaurants that it operates. The Company's current expansion plan is based upon a number of factors, including the amount and terms of financing the Company currently anticipates being available, the anticipated cost of construction and the continued success of its restaurants. Remodeling costs for existing restaurants and costs for land, building and equipment for new restaurants and support facilities were approximately $14,000,000 during 1991 and approximately $12,000,000 during the first half of 1992. Restaurants

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

received proceeds of approximately $2,030,000 through sale-leaseback transactions during the first half of 1992, which provided for the financing of approximately eighty percent of the costs of certain of its Shoney's restaurants. Such proceeds represent a reimbursement for a portion of Restaurants' cash outlays during 1992 and 1991 for the aforementioned costs for new restaurants.

After giving effect to the Refinancing, based upon current levels of operations and anticipated growth, the Company expects that sufficient cash flow will be generated from operations so that, combined with other financing alternatives available to it, including borrowings under the Credit Facilities, mortgage financing and sale-leaseback transactions as described above, the Company will be able to meet all of its debt service requirements, as well as its capital expenditure and working capital requirements.

Restaurants is required under an agreement with Shoney's, Inc. to have open on July 1, 1995 the same number of Shoney's restaurants (including the additional Shoney's described below) that were operated by Restaurants on July 1, 1988 (170 restaurants) to avoid termination of its reserved area agreements. Operating restaurants which were purchased from existing franchisees may not be counted towards the July 1, 1995 requirement. As of August 10, 1992 the Company needed to construct six new Shoney's restaurants in order to meet this requirement. Restaurants' reserved area agreement for Shoney's restaurants for 28 counties in Texas includes an expansion schedule that requires Restaurants to develop a total of 14 Shoney's restaurants over a nine year period ending in 1997 or Shoney's, Inc. would have the right to terminate the Company's exclusive rights in those counties. Additionally, Restaurants has entered into an agreement with Shoney's, Inc. to develop 38 new Captain D's restaurants over the next 20 years, at the approximate rate of two per year. Restaurants intends to meet these expansion requirements, and the costs for such expansions through 1992 are provided for in the Company's current and planned capital expenditures described above.

The Company received a cash payment from Siemens Information Systems, Inc. ("Siemens") of $43,000,000 in November 1991 in full settlement of all outstanding disputes between the Company and Siemens. In 1992, the Company received approximately $6,500,000 in cash representing federal income tax refunds and interest related to audits of the Company's federal income tax returns from 1979 to 1987. These receipts were deposited in unrestricted cash accounts of the Company and have been utilized in connection with the Refinancing.

Since 1987, the Board of Directors of the Company (the "Board") has authorized the purchase of up to a total of 10,000,000 Common Shares from time to time in open market transactions. The Company purchased an aggregate of 9,010,406 shares at a total cost of approximately $45,401,000 pursuant to the Board's authorizations and the repurchased shares are being held as treasury shares to be used for general corporate purposes. The Company does not currently intend to repurchase any additional Common Shares.

The Company has no other material commitments for capital expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(continued)

Discontinued Operations
Results of Operations

Theatre Operations

Discontinued Operations include the results of operations of the theatres owned by TPI Entertainment, Inc. ("Entertainment") (the "Theatres") during 1991, prior to and after their transfer to Exhibition Enterprises Partnership (the "Partnership"). Entertainment's equity in the Partnership's loss for 1992 and the administrative fee payable to Entertainment by the Partnership, in excess of current expenses of Entertainment, have not been reflected in the statement of operations for 1992 because of the Company's decision at the end of 1991 to dispose of its remaining theatre interest and its expectation that such disposal will result in a gain (See Note 2 of the Notes to Consolidated Financial Statements).

Liquidity and Capital Resources

In connection with the consummation of the agreement forming the Partnership (the "Partnership Agreement") on April 25, 1991, the Partnership assumed the obligations of Entertainment under, among other things, a term loan and a revolving credit loan from a bank (the "Bank") and thus Entertainment's term loan and revolving credit note with the Bank were cancelled and an amended and restated term promissory note in the principal amount of $40,000,000 and an amended and restated revolving credit note with a maximum aggregate limit of $5,000,000 were executed by the Partnership. The Company agreed to continue its pledge of all of Entertainment's issued and outstanding capital stock to secure the loans being assumed by the Partnership. Entertainment pledged to the Bank its partnership interest in the Partnership as security for the loans and agreed to guarantee the obligations of the Partnership pursuant to the loan documents. In addition, the agreements with the Bank provide for certain restrictions on the operations of Entertainment (See Note 2 of the Notes to Consolidated Financial Statements).

As a result of the consummation of the Partnership Agreement, the Company's commitments for capital expenditures in connection with the operation of the Theatres have been assumed by the Partnership. Pursuant to the Partnership Agreement, Entertainment and CENI are required to make additional cash contributions to the Partnership to the extent that Available Funds, as defined in the Partnership Agreement, are insufficient to fully fund certain expenses of the Partnership. However, under certain circumstances, to the extent that Available Funds are insufficient due to capital expenditures, American Multi-Cinema, Inc., the parent of CENI, may be required to advance the funds to cover such deficiency. Entertainment does not currently anticipate that it will be required to make any such additional cash contributions. The Company has not guaranteed the obligations of Entertainment to make such additional contributions.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS:
For a discussion of current developments in the Company's legal proceedings see Note 5 of the Notes to Consolidated Financial Statements appearing in Part I - Financial Information.

Item 2. CHANGES IN SECURITIES:
None

Item 3. DEFAULTS UPON SENIOR SECURITIES:
None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS:
Not Applicable

Item 5. OTHER INFORMATION:
None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K:
(a) Exhibits:
None
(b) Reports on Form 8-K:
None

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TPI ENTERPRISES, INC.
(REGISTRANT)

DATE: August 13, 1992

BY /s/ Stephen R. Cohen
STEPHEN R. COHEN
CHIEF EXECUTIVE OFFICER

DATE: August 13, 1992

BY /s/ Joseph P. Gowan
JOSEPH P. GOWAN
CHIEF FINANCIAL OFFICER